

Office of State Tax Commissioner
Interim Finance and Taxation Committee

Statement by Tax Commissioner Cory Fong
August 2, 2006

In traveling across the state in the last year people have talked to me about a variety of issues that concern them. What I have found is that the issue that seems to be on the minds of many is property taxes. By far the majority feel there is a pressing need for meaningful property tax relief.

I agree. And, I believe this committee agrees based on the extensive work and time you have put into this issue which has culminated with the proposal before you today.

In May, the Tax Department announced that taxable sales and purchases of over \$8.5 billion for all of 2005 grew by 7.3 percent over the previous year. Just yesterday we released figures that the total state and local tax revenue collected during fiscal year 2006 ending on June 30 grew 16 percent, or \$177 million.

This news points to a growing and expanding economy in North Dakota that has lead to unprecedented financial strength for the state. This growth and expansion provides an opportunity for meaningful and responsible property tax relief.

I have closely followed the work of this committee since you began your review a year ago. The staff of the Tax Department has been involved in providing information to the committee regarding historical data, statistics, and technical information pertaining to North Dakota tax law and tax laws from other states. We hope this information has been helpful to you in your deliberations. You know that we will continue to provide any information we can to assist you and your efforts. The department has a vested interest in any legislation that involves administration of tax laws.

I compliment you for your hard work and commitment toward this important and challenging mission of reducing the burden on property taxes for core K-12 expenses.

Going forward, the Office of State Tax Commissioner stands ready and willing to work hand-in-hand with the interim committees and the legislative assembly in crafting the right kind of meaningful property tax relief package that will surely encompass and incorporate other ideas as well, ideas that ensure property tax relief:

- Is fair and provides relief to those who need it most;

- Is clear for taxpayers to understand; and
- Is affordable and sustainable and does not require a tax increase elsewhere down the road to pay for it.

An end product that includes these core principles and works in concert with the Special Commission on Education, will result in increased funding for K-12 education and greater equity among school districts, and it will result in much needed and long overdue property tax relief for North Dakotans.

Thanks to each of you on this committee for your hard work, your leadership, and your commitment to meaningful property tax relief. As Tax Commissioner, I, too, am committed to providing property tax relief to our citizens in a way that is fair, clear, and does not raise other taxes - as I know many of you around the table today are committed to as well.

Our state is in a very strong financial position because of our good stewardship, sound policies, and strong economic growth. Now is the time for meaningful and responsible property tax relief.